

103D CONGRESS
1ST SESSION

S. 408

To promote small business lending to small business concerns in States in which there is a declining number of federally-insured financial institutions.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 18 (legislative day, JANUARY 5), 1993

Mr. CHAFEE introduced the following bill; which was read twice and referred to the Committee on Small Business

A BILL

To promote small business lending to small business concerns in States in which there is a declining number of federally-insured financial institutions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Lend-
5 ing and Credit Availability Act of 1993”.

6 **SEC. 2. LOAN GUARANTEES IN QUALIFIED STATES.**

7 (a) PARTICIPATION AUTHORITY.—Section 7(a) of the
8 Small Business Act (15 U.S.C. 636(a)) is amended by
9 adding at the end the following new paragraph:

1 “(22) LOAN GUARANTEES IN ‘QUALIFIED
2 STATES’.—

3 “(A) IN GENERAL.—The Administration
4 shall participate in loans to small business con-
5 cerns located in qualified States on a guaran-
6 teed basis in accordance with the provisions of
7 this subsection, except as otherwise specifically
8 provided in this paragraph.

9 “(B) GUARANTEE AMOUNTS.—The Admin-
10 istration shall participate in loans to small busi-
11 ness concerns located in qualified States on a
12 guaranteed basis in an amount equal to—

13 “(i) not less than 90 percent of the
14 balance of any loan outstanding at the
15 time of disbursement, if the loan is not less
16 than \$200,000, nor more than \$500,000;
17 and

18 “(ii) not less than 95 percent of the
19 balance outstanding at the time of dis-
20 bursement, if such loan is less than
21 \$200,000.

22 “(C) TEMPORARY EXEMPTION FROM GUAR-
23 ANTEE FEES.—The Administration may not
24 collect a guarantee fee from the lending institu-
25 tion or the borrower in connection with partici-

1 pation in a loan on a guaranteed basis in ac-
2 cordance with this paragraph during the first 2
3 years of such participation. During the third,
4 fourth, and fifth years of participation, such
5 fees may be collected in an amount equal to not
6 more than 1 percent of the outstanding balance
7 of the guaranteed amount. The fee shall be pay-
8 able by the participating lending institution,
9 and may be charged to the borrower.

10 “(D) In order to encourage lending institu-
11 tions and other entities making loans author-
12 ized under this subsection to provide loans to
13 small business concerns located in qualified
14 States, such lenders may retain one-half of any
15 fee collected pursuant to subparagraph (C) on
16 loans of not more than \$200,000. A participat-
17 ing lender may not retain any fee pursuant to
18 this subparagraph if the amount committed and
19 outstanding to the small business concern would
20 be more than \$200,000, unless the amount in
21 excess of \$200,000 is an amount that is not ap-
22 proved under the provisions of this paragraph.

23 “(E) DEFINITIONS.—For purposes of this
24 paragraph—

1 “(i) the term ‘qualified State’ means
2 any of the several States of the United
3 States and the District of Columbia if,
4 during the 12-month period preceding the
5 date of enactment of this paragraph—

6 “(I) not less than 1 insured de-
7 pository institution located in that
8 State having total assets of not less
9 than \$100,000,000 has been closed
10 due to the inability to meet the de-
11 mands of depositors; or

12 “(II) not less than 2 insured de-
13 pository institutions located in that
14 State, having combined total assets of
15 not less than \$150,000,000, have been
16 closed due to the inability to meet the
17 demands of depositors; and

18 “(ii) the term ‘insured depository in-
19 stitution’—

20 “(I) has the same meaning as in
21 section 3 of the Federal Deposit In-
22 surance Act; and

23 “(II) includes an insured credit
24 union, as defined in section 101 of the
25 Federal Credit Union Act.”.

1 (b) CONFORMING AMENDMENTS.—Section 7(a) of
2 the Small Business Act (15 U.S.C. 636(a)) is amended—

3 (1) in paragraph (6)(A), by inserting “or loans
4 to assist small business concerns located in qualified
5 States, in accordance with paragraph (22),” before
6 “any reasonable doubt”; and

7 (2) in the first sentence of paragraph (18), by
8 inserting before the period “, except as otherwise
9 provided in paragraph (22)”.

10 **SEC. 3. PROGRAM DURATION.**

11 This Act, and the amendments made by this Act,
12 shall remain in effect for a period of 5 years, beginning
13 on the date of enactment of this Act.

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